UNIT 1 · WEEK 1

Money Fundamentals

Student Workbook

Name:	______________________________ Date started: ____________ Date completed: ____________

What you will learn in this unit: What money is and why it exists • The 3 functions of money • Needs vs. wants and opportunity cost • How to read your first paycheck • Banking basics and check writing

Lesson 1.1 — What is Money?

KEY VOCABULARY

Term	Write the definition in your own words
Barter	
Currency	
Medium of exchange	
Fiat currency	
Commodity money	
Inflation	
Legal tender	
Deflation	

THE 3 FUNCTIONS OF MONEY

Fill in the missing word for each function:

1. Medium of ________________________	People use it to buy and sell things
2. Store of ________________________	You can save it and use it later
3. Unit of ________________________	Prices are measured in the same units

QUICK QUESTIONS

1. Why is barter difficult? Give one specific problem it causes:

2. What makes a dollar bill valuable if it is just paper?

3. If the government printed 10× more money tomorrow, what would happen to prices? Why?

👥 Meet the group:

It's the first week of school and four friends are comparing summer jobs.

Lucy: worked at a bakery and got paid by check every two weeks. "Once I deposit it, it's just numbers in an account," she says. "But I can buy anything anywhere with it."

Joseph: mowed lawns and collected payment however clients wanted — cash, Venmo, or gift cards to specific stores. He quickly realized the gift cards were the worst option because they only worked in one place.

Alex: tried to trade lawn work for a neighbor's old guitar. They spent an hour arguing over what the work was worth before giving up and agreeing on a cash price.

Sofia: got paid in cash and immediately worried about keeping it safe at home.

Which of Alex's and Joseph's experiences directly illustrates why currency replaced barter?

✔ Lesson Finisher

1. Which of the following best describes money's role as a "medium of exchange"?

a) It holds its value reliably over many years

b) People use it to buy and sell things without direct barter

c) The government decides how much every item costs

d) Prices for goods can be compared using a single unit

2. Why does a dollar bill have value even though it is just paper? Use the term "fiat currency" in your answer.

Lesson 1.2 — Needs vs. Wants

KEY VOCABULARY

Term	Write the definition in your own words
Needs	
Wants	
Discretionary spending	
Opportunity cost	
Scarcity	
Trade-off	

SORT IT OUT

Write each item below in the correct column:

Rent | Netflix | Groceries | Gym membership | Electricity | Designer sneakers | Phone | Health insurance

✓ NEEDS	★ WANTS

Opportunity cost: If you spend $150 on sneakers, what specific thing are you giving up?

Name one item that could be argued as BOTH a need and a want depending on circumstances:____

👥 Meet the group:

All four friends just got their first paychecks — $240 each. Here's what each one plans to spend it on:

Alex: immediately wants to buy AirPods for $189. "I've been saving up for these forever," he says, ignoring that his phone bill is due in three days.

Sofia: writes out her expenses first: $80 phone bill, $50 for groceries, $60 to savings. She's left with $50 for anything she wants.

Joseph: splits his paycheck "fairly" — half on needs, half on wants. His "needs" list includes his streaming subscriptions.

Lucy: looks up which of her expenses are truly fixed before spending a single dollar on anything optional.

Whose approach protects them best from running out of money for actual needs? What is Alex's opportunity cost if he buys the AirPods?

✔ Lesson Finisher

1. **Which of the following is a NEED for most working adults?**
   a) Streaming subscriptions
   b) Restaurant meals several times a week
   c) Health insurance
   d) Designer clothing

2. **Explain opportunity cost using a specific example from your own life — something you actually chose between recently.**

Lesson 1.3 — Your First Paycheck

KEY VOCABULARY

Term	Write the definition in your own words
Gross pay	
Net pay	
Withholding	
FICA	
W-4 form	
W-2 form	
Pay stub	
Deduction	

PAY STUB PRACTICE

Open the Tax Simulator in the curriculum tool. Set: $12/hr, 20 hrs/week, Single filer, your state. Fill in the table below with your results.

Pay Stub — Biweekly Period	This period	Annual total
Gross wages	$____________	$____________
Federal income tax	$____________	$____________
Social Security (6.2%)	$____________	$____________
Medicare (1.45%)	$____________	$____________
State income tax	$____________	$____________
NET PAY (take-home)	$____________	$____________

My gross pay per bi-week is $____________ but I actually take home $____________.
That means $____________ per bi-week goes to taxes — which is ____________% of my gross pay.

In my own words, the difference between gross pay and net pay is:

The W-4 form is important because:

👥 Meet the group:

It's payday. Both Joseph and Lucy worked the same job — 20 hours at $12/hr.

Joseph: expected a check for $480. When he saw $378, he was furious. "Why did they take $102 from me? That's my money!" He'd already promised his friend $100 for concert tickets that night.

Lucy: expected $378 — she'd used the Tax Simulator before her first day and already knew her take-home. Her budget for the pay period was built around that number, not $480.

What specific habit of Lucy's prevented a financial emergency? What should Joseph do differently before his next paycheck?

✔ Lesson Finisher

1. Your gross pay is $500. After taxes and deductions, you take home $387. What is your net pay?

a) $500

b) $113 (the amount withheld)

c) $387

d) $387 minus your personal expenses

2. Why is it a mistake to build your monthly budget around your gross pay instead of your net pay?

Lesson 1.4 — Banking Basics

KEY VOCABULARY

Term	Write the definition in your own words
Checking account	
Savings account	
Debit card	
Credit union	
FDIC insurance	
Overdraft	
APY	
Routing number	

CHECKING VS. SAVINGS — WRITE C OR S

- ☐ Used for everyday spending ____
- ☐ Earns the highest interest ____
- ☐ Linked to your debit card ____
- ☐ Best place for your emergency fund ____
- ☐ Usually earns little or no interest ____
- ☐ You should compare APY before choosing one ____

APY COMPARISON

$1,000 × 0.0001 = $______________ (traditional big bank at 0.01% APY)
$1,000 × 0.045 = $______________ (online high-yield savings bank at 4.5% APY)
Difference per year: $______________

Why this still matters: Even in a digital world, checks are legal documents, accepted for rent, DMV fees, and payments where no card is taken. Understanding checks also teaches you how bank routing works.

HOW TO WRITE A CHECK

THE 6 FIELDS ON EVERY CHECK

Field	What to write — and why
Date	Today's date — month/day/year or written out
Pay to	The name of the person or company receiving payment — never leave this blank
Amount ($)	The dollar amount in numerals — write as far left as possible, no space before the $
Amount (words)	The same amount written in words — legal amount if there's a discrepancy
Memo	Optional note of what the payment is for (rent, invoice #, etc.)
Signature	Your signature — the check is not valid without it

WRITING DOLLAR AMOUNTS IN WORDS — THE FORMULA

Formula: dollars in words + "and" + cents as a fraction over 100

$63.25 → Sixty-three and 25/100

$1,075.50 → One thousand seventy-five and 50/100

$410.00 → Four hundred ten and 00/100

PRACTICE WRITING AMOUNTS IN WORDS

$63.25	
$410.00	
$1,075.50	

EXAMPLE CHECK — STUDY EVERY FIELD

Alex Rivera **1527 Millpond Rd** **Chesapeake, Va 23320** **(757) 678-9876**	Date: October 15, 2025
Pay to the order of: City Electric Utility	**$ 127.84**
One hundred twenty-seven and 84/100 DOLLARS	
FIRST NATIONAL BANK OF LEARNING	
Memo: September electric bill **Signature:** Alex Rivera 00002354678 0000457843754375934235	

LABEL THE PARTS —

DRAW AN ARROW TO EACH FIELD ABOVE AND WRITE ITS NAME:

Date | Pay to the order of | Dollar amount (numerals) | Dollar amount (words) | Memo | Signature

PRACTICE CHECK 1

Your scenario: You owe your landlord $825.00 for August rent. His name is David Park.

Write the amount in words here FIRST:

____

Your Name ***Address*** ***Phone #***	Date: ______________
Pay to the order of: ____	$ _____________
____DOLLARS	
FIRST NATIONAL BANK OF LEARNING	
Memo: _________________ Signature: ________________________ 00002354678 0000457843754375934235	

PRACTICE CHECK 2

Your scenario: You are paying the state DMV $32.00 for a license plate renewal.

Write the amount in words here FIRST:

____

Your Name ***Address*** ***Phone #***	Date ____________
Pay to the order of: ____	$ ____________
____ __DOLLARS	
FIRST NATIONAL BANK OF LEARNING	
Memo: ______________ Signature: ___________________________ 00002354678 0000457843754375934235	

CHECK-WRITING RULES TO REMEMBER

☐ Always use a pen — never pencil (pencil can be erased and the amount changed)

☐ Start writing as far left as possible in each field to prevent tampering

☐ Draw a line after the amount in words to fill any empty space

☐ Never leave the “Pay to” line blank — anyone could write their own name in

☐ Record every check in a register: date, payee, amount

☐ If you make a mistake, write VOID in large letters and start a new check

DISCUSSION QUESTIONS

1. Why would someone write a check instead of using Venmo or a debit card?

2. What could go wrong if the number amount and the word amount on a check are different?

3. What is an overdraft and how can you avoid it when writing checks?

👥 **Meet the group:**

The four friends are each handling the same situation differently — they all just received $400 in cash from a summer gig.

Sofia: keeps all $400 in cash in an envelope at home. She’s nervous about online banking and hasn’t opened an account. By the end of the month, she’s spent $280 without a clear memory of where it went.

Joseph: deposits it into checking and immediately uses his debit card freely. He overdrafts by $12 buying coffee three days before his next deposit.

Lucy: deposits $300 into her high-yield savings account earning 4.5% APY and keeps $100 in checking for the week. She tracks every transaction.

Alex: opens a second account specifically for business expenses. He deposits $200 there and $200 into savings — keeps zero in checking until he needs it.

What is the real cost of Sofia’s approach beyond the $12 overdraft Joseph paid? Which banking habit from this lesson would help each person the most?

✔ Lesson Finisher

1. Which type of account is best for storing your emergency fund?

a) Checking account — it's easy to access anytime

b) Under a mattress or in a home safe

c) High-yield savings account — earns interest and is still accessible

d) Investment brokerage account for maximum growth

2. What does FDIC insurance protect, and why does it matter when choosing a bank?

Lesson 1.5 — How Marketing Works

KEY VOCABULARY	
Anchor price	
Artificial scarcity	
Social proof	
Decoy pricing	
Unit price	
24-hour rule	
FOMO	
Loss aversion	

SPOT THE TACTIC

For each example below, identify the marketing tactic and explain how it tries to influence spending:

What the ad or store says / does	Tactic name	How does it work on you?
"SALE! Was $80 — now $49"		
"Only 3 left in stock!"		
"10,000 five-star reviews!"		
Small: $3 Medium: $5 Large: $5.50		

UNIT PRICE MATH

Product	Price	Unit price	Better value?
Detergent: 40 loads	$8.99	$________	
Detergent: 64 loads	$12.49	$________	

Formula: unit price = total price ÷ number of units. The lower unit price is always the better deal regardless of package size.

Apply the 24-hour rule: Before your next non-essential purchase over $20, wait a full day. In the space below, describe one purchase you almost made impulsively and what happened when you waited:

👥 Meet the group:

All four friends are at the same online store. A jacket is listed as “Was $120 — Now $72!” with a countdown timer: “Offer ends in 2 hours!” and a badge reading “#1 Best Seller — 8,400 sold this month.”

Lucy: checks the jacket’s price on two other sites. Finds the same jacket for $68 on one site and $71 on another — neither showing any “original” price. Closes the tab. Applies the 24-hour rule. Still wants it tomorrow — buys it at $68.

Joseph: buys immediately. Doesn’t want to miss the “deal.” Later finds the jacket on sale at the same price weekly. The countdown timer resets every session.

Discussion: Name every marketing tactic used on this page. Which one do you think is most effective and why?

Unit 1 Review — Money Fundamentals

This review is your preparation for the Unit 1 Quiz. Read through your notes from all four lessons before starting. The Group Weighs In scenario at the end uses everything from this unit at once.

PART 1 — UNIT SUMMARY

Lesson	Key concepts from this lesson
1.1 What is Money?	3 functions of money (medium of exchange, store of value, unit of account) • Why barter fails • Fiat currency • Inflation basics
1.2 Needs vs. Wants	Needs vs. wants distinction • Opportunity cost • Discretionary spending • Trade-offs in every spending decision
1.3 Your First Paycheck	Gross pay vs. net pay • FICA (Social Security + Medicare) • Federal and state withholding • Reading a pay stub • The W-4 form
1.4 Banking Basics	Checking vs. savings accounts • APY and why it matters • FDIC insurance • How to write and read a check • Overdraft consequences
1.5 How Marketing Works	Anchor pricing • Artificial scarcity • Social proof • Decoy pricing • Unit price math • The 24-hour rule

PART 2 — KEY TERMS REVIEW

Write the definition in your own words — no looking back until you are done:

Term	Your definition
Fiat currency	
Opportunity cost	
Net pay	
FICA	
APY	
FDIC insurance	
Inflation	
Overdraft	

PART 3 — THE GROUP WEIGHS IN

👥 **Meet the group:**

All four friends just received their first real paychecks from part-time jobs. Each earned $400 gross. After taxes, they each took home $317. Here is what each one does next:

Lucy: already knew her take-home would be $317 because she ran the Tax Simulator before starting the job. She puts $63 (20%) into her high-yield savings account, covers her phone bill of $50, sets aside $120 for the month's shared household groceries, and keeps $84 for personal spending.

Joseph: expected $400 and is frustrated about the $83 in taxes. He spends $317 freely over the weekend — "I earned it." By Monday he's broke and borrows $30 from Lucy for gas.

Alex: deposits $150 into a business checking account he opened specifically for his lawn care side jobs, $100 into savings, and keeps $67 liquid. He notes the $83 in taxes as a business planning data point.

Sofia: cashes her check at a check-cashing store for a $6 fee because she doesn't have a bank account yet. She takes home $311 in cash and keeps it all in her room.

Discussion: Which approach treats the $317 as a tool rather than just money to spend? What is the real cost of Sofia's check-cashing fee over a full year if she cashes a paycheck every two weeks?

PART 4 — REFLECTION

Of the five topics in Unit 1 — what money is, needs vs. wants, your paycheck, and banking — which one surprised you the most? What will you do differently because of it?

Before this unit, I thought...

Now I understand that...

Unit 1 Reflection

Something I did not know before this unit:	

One thing I will do differently with money:	

A question I still have:	